



# **"Latvijas Gāze" Joint Stock Company**

## **Unaudited Financial Report of 3 months of 2015**

Prepared in accordance with the International Financial Reporting Standards  
as adopted by the EU

Riga, 2015






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## Information on the Company

Name of the Company	JSC Latvijas Gāze
Legal status of the Company	Joint Stock Company
Registration number, venue and date	000300064 Riga, March 25, 1991
	Reregistered in the Commercial Register December 20, 2004 with common registration No 40003000642
Address	Vagonu Street 20 Riga, LV – 1009 Latvia
Major shareholders	E.ON Ruhrgas International GmbH (47.2 %) Gazprom OJSC (34.0 %) ITERA Latvija LLC (16.0 %)
Reporting period	January 1 – March 31, 2015

Board members (term of office of the Board – August 16, 2012 to August 16, 2015, for Mario Nullmeier term is January 1, 2014 to December 31, 2016) - names, surnames, posts, recent professional experience and education

	<p><b>Adrians Dāvis – Chairman of the Board</b></p> <p><b>Since 1997</b> – Chairman of the Board of the JSC “Latvijas Gāze”; involved in gas industry since <b>1965</b></p> <p><b>1997</b> Physical Energy Institute of Latvian Science Academy, academic degree of doctor in engineering (Dr.sc.ing.).</p>		<p><b>Alexander Miheyev (Александр Михеев) – Board member, Vice-Chairman of the Board</b></p> <p><b>Since 2003</b> First Deputy Head of the Marketing, Gas and Liquid Hydrocarbon Processing Department of the OJSC Gazprom; involved in gas industry since <b>1968</b></p> <p><b>1968</b> Graduated from the Moscow Oil and Gas Industry Institute named after I. M. Gubkin and obtained the qualifications of engineer in design and operation of oil and gas pipelines, gas storage facilities and oil tanks</p>
	<p><b>Mario Nullmeier – Board member, Vice-Chairman of the Board</b></p> <p><b>Since 2005</b> Head of the Baltic Office of E.ON Ruhrgas International AG in Tallinn, Estonia</p> <p><b>2000</b> Master Degree in Global Business Administration</p>		<p><b>Anda Ulpe – Board member</b></p> <p><b>Since 1997</b> Board member of the JSC “Latvijas Gāze”; involved in gas industry since <b>1984</b></p> <p><b>2002</b> the University of Latvia, Master Degree of Social Sciences in Economics</p>
	<p><b>Gints Freibergs – Board member</b></p> <p><b>Since 1997</b> Board member of the JSC “Latvijas Gāze”; involved in gas industry since <b>1984</b></p> <p><b>1984</b> Polytechnical Institute of Riga, engineer in industrial heat power</p>	<p>Names, surnames and posts of Council members (before January 1, 2014)</p>	<p>Adrians Dāvis – Chairman of the Board  Alexander Miheyev (Александр Михеев) – Board member, Vice-Chairman of the Board  Jörg Tumat - Board member, Vice-Chairman of the Board  Anda Ulpe - Board member  Gints Freibergs - Board member</p>

**JSC “Latvijas Gāze”**  
**Unaudited financial report**  
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Council members (term of office of the Council - January 1, 2014 to December 31, 2016) – names, surnames, posts, recent professional experience and education

	<p><b>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council</b></p> <p><b>Since March 20, 2003</b> Head of the Gas and Liquid Hydrocarbon Sales and Processing Department, OJSC Gazprom; Member of Management Committee, OJSC Gazprom</p> <p><b>1997</b> Graduated from Baltic State Technical University of St. Petersburg named after D. F. Ustinov – Engineering of Impulse Devices and Automated Rotation Lines</p> <p><b>2002</b> Graduated from St. Petersburg State University – Credit Theory and Finance Management</p>		<p><b>Juris Savickis – Vice-Chairman of the Council</b></p> <p><b>Since 1996</b> LLC “ITERA Latvija”, president</p> <p><b>1970 – 1972</b> Polytechnical Institute of Riga, Graduate school</p> <p><b>1983 - 1984</b> University of Qualification Raising for Executives, Faculty of International Relations</p>
	<p><b>Achim Saul - Vice-Chairman of the Council</b></p> <p><b>Since May 2013</b> CEO Essen Operations, E.ON Global Commodities SE; Chairman of the Management Board, E.ON Ruhrgas International GmbH</p> <p><b>2012 – 2013</b> Member of the Board of Management, E.ON Ruhrgas AG</p> <p>Degree of doctor in Engineering</p>		<p><b>Matthias Kohlenbach – Council member</b></p> <p><b>Since July 2012</b> Member of the Board of Management of E.ON Ruhrgas International GmbH</p> <p><b>2009 – 2012</b> Head of Corporate Law Department of E.ON Ruhrgas</p> <p>Degree of doctor in Law</p>
	<p><b>Jörg Tumat - Council member</b></p> <p><b>Since 2013</b> Member of the Board of E.ON Russia</p> <p><b>2006 – 2013</b> Member of the Board, Vice-chairman of the Board of JSC „Latvijas Gāze”</p> <p><b>2001 – 2004</b> the University of Hagen, Diploma in Business Administration (Dipl.-Betriebswirt)</p>		<p><b>Uwe H. Fip – Council member</b></p> <p><b>Since 2002</b> E.ON Ruhrgas AG – Senior Vice-President, Head of Eastern Department of Gas Supplies</p> <p>Master in Oil Engineering, Degree in Business Management (Diploma – Merchant)</p>
	<p><b>Rainer Link – Council member</b></p> <p><b>Since 2013</b> Member of the Management Board of Essen Operations, E.ON Global Commodities SE, Germany</p> <p>Member of the Management Board of E.ON Ruhrgas International GmbH, Germany</p> <p><b>Since 2012</b> Member of the Management Board of E.ON Ruhrgas Portfolio GmbH, Germany</p> <p><b>2012 – 2013</b> Head of Portfolio Development Division, E.ON Ruhrgas AG, Germany</p> <p>Degree of doctor in Economics</p>		<p><b>Vlada Rusakova (Влада Русакова) – Council member</b></p> <p><b>Since 2013</b> Vice president of OJSC Rosneft, Head of gas business development department</p> <p><b>2003-2012</b> Board member of the OJSC Gazprom</p> <p><b>1977</b> Graduated from the Moscow Oil and Gas Industry Institute named after I. M. Gubkin and obtained the qualifications of engineer in design, planning and operation of oil and gas pipelines, gas storage facilities and oil tanks</p>
	<p><b>Nikolay Dubik (Николай Дубик) – Council member</b></p> <p><b>Since 2008</b> Member of Management Committee of JSC “Gazprom”, Head of legal Department</p> <p>MBA degree at the Academy of National Economy under the Russian Federation Government</p> <p>Graduated from Lomonosov Moscow State University in majoring law</p>		<p><b>Elena Karpel (Елена Карпель) – Council member</b></p> <p><b>Since 2004</b> Gazprom’s Council Member by the resolution of the Company’s Shareholders’ Meeting</p> <p><b>1968</b> Korotchenko Kiev Institute of National Economy getting specialty in Industry Planning</p>
	<p><b>Elena Mikhaylova (Елена Михайлова) - Council member</b></p> <p><b>Since 2012</b> Member of the Gazprom Management Committee, Head of the Asset Management and Corporate Relations Department of Gazprom</p> <p><b>2011 – 2012</b> Head of the Asset Management and Corporate Relations Department of Gazprom</p> <p>MBA degree at the Academy of National Economy under the Russian Federation Government</p> <p>Law degree at the Moscow State Industrial University</p>	<p>Names, surnames and posts of Council members (before January 1, 2014)</p>	<p>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council</p> <p>Juris Savickis – Vice-Chairman of the Council</p> <p>Achim Saul - Vice-Chairman of the Council</p> <p>Matthias Kohlenbach – Council member</p> <p>Rainer Link – Council member</p> <p>Mario Nullmeier – Council member</p> <p>Uwe H. Fip – Council member</p> <p>Vlada Rusakova (Влада Русакова) – Council member</p> <p>Nikolay Dubik (Николай Дубик) – Council member</p> <p>Elena Karpel (Елена Карпель) – Council member</p> <p>Elena Mikhaylova (Елена Михайлова) – Council member</p>

## Report of the Board of Directors

The Joint Stock Company "Latvijas Gāze" (hereinafter – the Company) is the only natural gas transmission, storage, distribution and sale operator in Latvia. The company supplies natural gas to 442.6 thousand customers in Latvia, and in winter – also to Estonia, the Northwestern part of Russia and Lithuania from the Inčukalns Underground Gas Storage Facility (hereinafter – Inčukalns UGS).

The goal of the Company is to strengthen its leading position in the fuel market of Latvia by enhancing the accessibility of natural gas, facilitating the diversity of its consumption and ensuring for consumers in Latvia one the most stable supplies in Europe.

The vision of the Company is to make Latvia one of the largest natural gas storage hubs in Europe by using the unique geological structures of our country.

The mission of the Company is to contribute to the economy of the Baltic region by ensuring the security of energy supplies, the development of the industry and the competitiveness of prices.

The underlying principles of financial activity of the Company are as follows:

- investments in modernization of the infrastructure related to natural gas supply stability and security;
- investments in the development of infrastructure and the quality of service;
- competitive price of natural gas and services;
- profit that enables the company to make investments and pay dividends in compliance with the international natural gas industry practice. Such amount of profit is regulated by the Public Utility Commission of the Republic of Latvia by setting the level of capital return.

### 1. Operation of the Company in the reporting period

In 3 months of the year 2015, the Company sold to the consumers 422.3 million m<sup>3</sup> of natural gas. In comparison with the respective period of 2014 the natural gas sales decreased by 13.6 % due to the differences in outdoor air temperature and investments by heat supply companies in the use of renewable energy resources and a partial replacement of fossil fuels with woodchip.

Over 3 months of 2015, the consumers were sold natural gas and provided services for EUR 158.1 million, which is by 15.4 % less than in the respective period of 2014.

The decrease of income year-on-year stems from the lower natural gas sales volume and fact that during 3 months of 2015, due to changes in oil product quotations and currency rates, the residential and industrial customers were applied differential natural gas sale end-user tariffs corresponding to a natural gas sale price 3.9% below that of the 3 months of 2014. The income saw decrease both in the industrial and household sector.

The Company completed 3 months of 2015 with a profit of EUR 1.5 million, which is 71.1% lower than in the respective period 2014 when the Company profited EUR 5.2 million.

Within the framework of the capital investment programme, EUR 4.7 million of investment funds was spent over 3 months of 2015, mostly on the renovation of gas transmission and distribution pipelines and the reconstruction of wells.

**Report of the Board of Directors** (continued)

**1. Operation of the Company in the reporting period** (continued)

The key indices of the Company:

	<b>2015 Q1</b>	<b>2014 Q1</b>	<b>2013 Q1</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
Net turnover	158 088	186 812	250 479
Profit before income tax, interest payments, depreciation and amortization (EBITDA)	13 442	18 025	19 807
Profit before income tax, interest payments, depreciation and amortization to net turnover (EBITDA %)	7.20	9.65	7.91
Profit of operational activity	4 975	9 632	11 482
Profitability of operational activity (%)	2.66	5.16	4.58
Profit of reporting period	1 503	5 179	6 092
Commercial profitability (%)	0.80	2.77	2.43
Total liquidity	2.44	1.92	2.42
Total assets	795 234	857 594	799 956
Equity	611 762	613 979	613 387
Return on assets (ROA), %	0.18	0.62	0.76
Return on equity (ROE), %	0.25	0.84	0.99
Number of shares	39 900	39 900	39 900
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Profit per share	0.038	0.130	0.153
P/E	257.50	72.11	58.72
BV	15.33	15.39	15.37
P/BV	0.63	0.61	0.58
Share price at the end of the period	9.700	9.360	8.964

**2. Research and development**

In order to ensure an uninterrupted natural gas supply to users and the safe operation of the gas supply system in the long term, the Company has developed the “Plan of Measures for the Improvement of Safety of the Gas Supply System of the Joint Stock Company “Latvijas Gāze” 2010-2015”. It has been prepared based on the conclusions made by the Russian companies “Gazobezopasnostj” and “Lentransgaz”, institutes “VNIIGAZ” and “Giprospekgaz”, as well as the German companies “Pipeline Engineering GmbH”, “Untergrundspeicher und Geotechnologie – Systeme GmbH”, “E.ON Engineering GmbH”, “E.ON Ruhrgas International AG” and other partners regarding the technical condition of the equipment and modernisation options. The plan of measures envisions investments in the improvement of safety with the total amount of EUR 72 million.

In 2011 the OAO „Gazprom VNIIGAZ” developed a program for the modernisation of technological equipment and the improvement of operational safety at the Inčukalns UGS until 2025. The concept covers two development scenarios – with and without increasing natural gas storage capacity. The projected costs are EUR 360 million and EUR 190 million respectively. On the basis of this document, the Company drew up a project “Modernisation and Expansion of Inčukalns UGS” and another project jointly with the JSC “Lietuvos Dujos” “Increasing the Capacity of Interconnection between Latvia and Lithuania”. Both projects were featured in the

## **Report of the Board of Directors (continued)**

### **2. Research and development (continued)**

first list of projects of common European interest. In 2014, the JSC “Latvijas Gāze” submitted the project of modernisation and expansion of the Inčukalns UGS to the European Commission for funding, but the European Commission has not yet granted any funds. The second list of projects of common European interest is now being compiled, and the Company has repeatedly submitted both projects for inclusion, as stipulated by the Infrastructure Regulation.

### **3. International cooperation**

The year 2014 saw further work on the implementation of projects of common European interest. The European Commission continued the evaluation of projects of Polish-Lithuanian and Finnish-Estonian gas transmission pipeline interconnections and a regional liquefied natural gas terminal in Finland or Estonia.

The first round of submission of projects for co-funding began in May 2014. Within the required timeframe the Company submitted documents on the first stage of the project of modernisation of the Inčukalns UGS. Under the European Commission decision dated November 21, 2014, the project has not been recommended for co-funding, as in the first round the selection was limited to gas projects ensuring the diversification of gas supply sources and the necessary interconnections.

The European Commission has promoted the construction of the Polish-Lithuanian interconnection (GIPL) and a further study on the Finnish-Estonian interconnection for co-funding, whereas the construction of a liquefied natural gas terminal in Finland has not been selected.

The second list of projects of common European interest is currently under preparation, and the Company has repeatedly submitted both projects for inclusion in the list, as stipulated in the Infrastructure Regulation.

### **4. Shares and shareholders**

The composition of shareholders of the Company<sup>1</sup> as of December 31, 2014 and previous 2 periods:

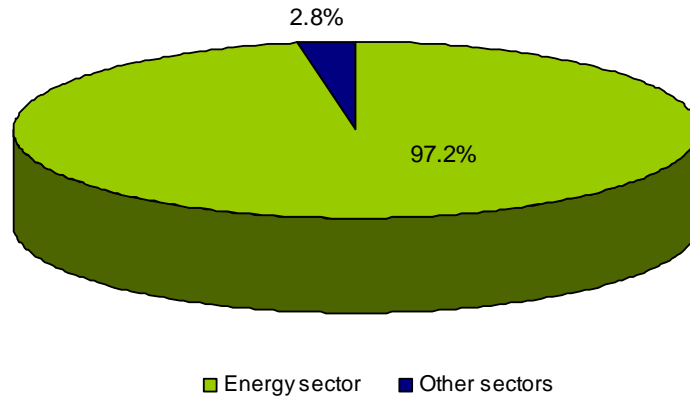
<b>Share</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>	<b>31.12.2012.</b>
“E.ON Ruhrgas International” GmbH	47.2%	47.2%	47.2%
“Gazprom” OJSC	34.0%	34.0%	34.0%
“Itera Latvija” LLC	16.0%	16.0%	16.0%
Others	2.8%	2.8%	2.8%
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

<sup>1</sup> Shareholders owning at least 5 % of capital

**Report of the Board of Directors** (continued)

**4. Shares and shareholders**

The composition of shareholders of the Company as to the industries they represent as of December 31, 2014:



The number of shares held by the members of the Board and the Council of the Company as of December 31, 2014:

<b>Board members</b>		<b>Number of shares</b>
Chairman of the Board	Adrians Dāvis	<b>417</b>
Vice-Chairman of the Board	Mario Nullmeier	<b>0</b>
Vice-Chairman of the Board	Alexander Miheyev	<b>0</b>
Board member	Anda Ulpe	<b>729</b>
Board member	Gints Freibergs	<b>416</b>
<b>Council members</b>		<b>Number of shares</b>
Chairman of the Council	Kirill Seleznev	<b>0</b>
Vice-Chairman of the Council	Juris Savickis	<b>0</b>
Vice-Chairman of the Council	Achim Saul	<b>0</b>
Council member	Matthias Kohlenbach	<b>0</b>
Council member	Jörg Tumat	<b>0</b>
Council member	Uwe H. Fip	<b>0</b>
Council member	Rainer Link	<b>0</b>
Council member	Vlada Rusakova	<b>0</b>
Council member	Nikolay Dubik	<b>0</b>
Council member	Elena Karpel	<b>0</b>
Council member	Elena Michaylova	<b>0</b>

As from February 15, 1999, the shares of the Company are quoted at the NASDAQ OMX Riga exchange, and their trading code as from August 1, 2004 is GZE1R. The total number of securities has not changed since 1999.

ISIN	LV0000100899
Exchange code	GZE1R
List	Second list
Nominal value	1.40 EUR
Total number of securities	39 900 000
Number of securities in public trading	25 328 520
Guaranteers of liquidity	None



**Report of the Board of Directors (continued)**

**4. Shares and shareholders**

	<b>2015 Q1</b>	<b>2014 Q1</b>	<b>2013 Q1</b>	<b>2012 Q1</b>	<b>2011 Q1</b>
<u>Share price (EUR):</u>					
First	9.140	9.390	8.694	8.388	6.830
Highest	9.970	10.200	9.291	8.964	9.106
Lowest	9.130	8.920	8.580	7.854	6.545
Average	9.351	9.431	8.830	8.410	7.000
Last	9.700	9.360	8.964	8.889	8.755
Change	6.13%	-0.32%	3.11%	5.97%	28.18%
Number of transactions	338	482	400	441	400
Number of shares traded	38 300	46 533	44 392	42 689	117 120
Turnover (million EUR)	0.358	0.439	0.391	0.359	0.82
Capitalization (million EUR)	387.030	373.464	357.664	354.671	349.325

Source: NASDAQ OMX Riga

The capitalization value of the Company in 3 months of 2015 reached EUR 387.0 million - by EUR 13.5 million more than in 3 months of the previous reporting period. By share market capitalization the Company took the 1<sup>st</sup> place among companies quoted at Nasdaq Riga and the 5<sup>th</sup> place among companies quoted at Nasdaq Baltic (2014: accordingly 1<sup>st</sup> and 5<sup>th</sup>).

The dynamics of the Company share price and indexes.

The shares of the Company are included in the following index baskets	OMXBGI, OMXBPI, OMXRGI
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OMX Baltic

An index of all shares, Baltic-wide. Its basket consists of the shares of the Official and Second list of the Baltic exchanges. The index reflects the current situation and changes in the Baltic market overall.

OMX Riga

An index of all shares, local. Its basket consists of the shares of the Official and Second list of the NASDAQ OMX Riga exchange. The index reflects the current situation and changes in the NASDAQ OMX Riga exchange.

**Report of the Board of Directors (continued)**

**4. Shares and shareholders (continued)**

The Company share price and changes of OMX Riga GI and OMX Baltic GI (01.01.2012. - 31.03.2015.)



Indexes/Shares	01.01.2012.	31.03.2015.	Change
OMX Riga	371.16	421.39	+13.53%
OMX Baltic GI	325.54	504.56	+54.99%
GZE1R (EUR)	8.041	9.700	+20.64%

Chairman of the Board

A. Dāvis

Board meeting minutes No. 22 (2015)  
 Riga, May 22, 2015

## Statement of Director's responsibility

The Board of Directors of the Joint Stock Company "Latvijas Gāze" (hereinafter – the Company) is responsible of the preparation of the interim financial statements of the Company. Interim financial statements of the Company are not audited.

The financial statements on pages 12 to 17 are prepared in accordance with the underlying accounting records and source documents and present fairly the financial position of the Company as of 31 March 2015 and the result of its operations and cash flows for the period ended 31 March 2015.

The financial statements are prepared in accordance with International Financial Reporting Standards on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The Board of Directors in the preparation of the financial statements has made prudent and reasonable judgements and estimates.

The Board of Directors of JSC "Latvijas Gāze" is responsible for the maintenance of proper accounting records, the safeguarding of the Company's assets and the prevention and detection of fraud and other irregularities in the Company. The Board of Directors is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

On behalf of the Board of Directors,

Adrians Dāvis  
Chairman of the Board

Riga, 22<sup>nd</sup> May 2015

## Balance sheet

	Note	31.03.2015. EUR'000	31.03.2014. EUR'000
<b>ASSETS</b>			
<u>Non-current assets</u>			
Property, plant and equipment		558 141	562 046
Intangible assets		1 998	2 527
Trade receivables		8	9
<b>Total non-current assets</b>		<b>560 147</b>	<b>564 582</b>
<u>Current assets</u>			
Inventories	1	8 437	127 119
Trade receivables		36 083	37 366
Current income tax receivable		2 273	3 588
Other current assets		93 763	62 363
Cash and cash equivalents		94 531	62 576
<b>Total current assets</b>		<b>235 087</b>	<b>293 012</b>
<b>TOTAL ASSETS</b>		<b>795 234</b>	<b>857 594</b>
<b>EQUITY AND LIABILITIES</b>			
<u>Equity</u>			
Share capital		55 860	56 773
Share premium		20 376	20 376
Revaluation reserve		376 366	378 126
Post-employment benefits and other employee benefits revaluation reserve		(80)	-
Other reserves		115 676	113 887
Retained earnings		43 564	44 817
<b>Total equity</b>		<b>611 762</b>	<b>613 979</b>
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Deferred income tax liabilities		54 645	56 447
Accruals for post employment benefits and other employee benefits		4 486	6 034
Deferred income		28 146	28 594
<b>Total non-current liabilities</b>		<b>87 277</b>	<b>91 075</b>
<u>Current liabilities</u>			
Trade payables		35 118	92 219
Corporate income tax payable		3 487	4 502
Deferred income		1 190	1 165
Other current liabilities		56 400	54 654
<b>Total current liabilities</b>		<b>96 195</b>	<b>152 540</b>
<b>Total liabilities</b>		<b>183 472</b>	<b>243 615</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>795 234</b>	<b>857 594</b>

## Income statement

	Note	31.03.2015. EUR'000	31.03.2014. EUR'000
Revenue	2	158 088	186 812
Cost of sales	3	(141 641)	(166 069)
<b>Gross profit</b>		<b>16 447</b>	<b>20 743</b>
Administrative expenses	4	(2 148)	(2 346)
Other income	5	1 075	1 406
Other expenses	6	(10 399)	(10 171)
<b>Operating profit</b>		<b>4 975</b>	<b>9 632</b>
Finance income	7	15	49
<b>Profit before income tax</b>		<b>4 990</b>	<b>9 681</b>
Income tax expense		(3 487)	(4 502)
<b>Profit for the period</b>		<b>1 503</b>	<b>5 179</b>

## Statement of comprehensive income

Other comprehensive income

### Tax sections, net

Revaluation of property, plant and  
equipment - gross

78                      81

**Other comprehensive income for the  
period, net of tax**

**78                      81**

Profit for the period

1 503                      5 179

**Total comprehensive income for the  
period**

**1 581                      5 260**

## Statement of cash flows

	<b>31.03.2015.</b>	<b>31.03.2014.</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>Cash flow from operating activities</b>		
Cash generated from operations	106 246	56 583
Interest received	29	64
Income tax paid	(1 804)	(1 900)
<b>Net cash generated from operating activities</b>	<b>104 471</b>	<b>54 747</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(4 631)	(3 981)
Purchase of intangible assets	(50)	(60)
Proceeds from sale of property, plant and equipment	17	16
Term deposits	(56 400)	(21 700)
<b>Net cash used in investing activities</b>	<b>(61 064)</b>	<b>(25 725)</b>
<b>Net cash (used in) / generated from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>43 407</b>	<b>29 022</b>
Cash and cash equivalents at the beginning of the year	51 124	33 554
<b>Cash and cash equivalents at the end of the year</b>	<b>94 531</b>	<b>62 576</b>

## Statement of changes in equity

	Share capital	Share premium	Revaluation reserve	Employee benefits revaluation reserve	Other reserves	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>31 December, 2013</b>	56 773	20 376	378 103	-	113 887	39 582	608 721
Income in year 2014, total	-	-	24	-	-	5 236	5 260
Rounding	-	-	(1)	-	-	(1)	(2)
<b>31 March, 2014</b>	<b>56 773</b>	<b>20 376</b>	<b>378 126</b>	<b>-</b>	<b>113 887</b>	<b>44 817</b>	<b>613 979</b>
<b>31 December, 2014</b>	55 860	20 376	376 348	(80)	115 676	42 002	610 182
Income in year 2015, total	-	-	19	-	-	1 562	1 581
Rounding	-	-	(1)	-	-	-	(1)
<b>31 March, 2015</b>	<b>55 860</b>	<b>20 376</b>	<b>376 366</b>	<b>(80)</b>	<b>115 676</b>	<b>43 564</b>	<b>611 762</b>

## Notes to the financial statements

	31.03.2015. EUR'000	31.03.2014. EUR'000
<b>1 INVENTORIES</b>		
Materials and spare parts (at net realisable value)	5 960	6 887
Gas and fuel (at cost)	2 477	120 232
	<b>8 437</b>	<b>127 119</b>
<b>2 REVENUE</b>		
Income from natural gas sales to industrial customers	129 071	154 399
Income from natural gas sales to residential customers	23 270	25 590
Income from transmission and storage of natural gas	5 561	6 624
Other services	186	199
	<b>158 088</b>	<b>186 812</b>
<b>3 COST OF SALES</b>		
Purchase of natural gas	126 869	150 307
Salaries	3 355	3 933
Social insurance contributions	785	909
Life, health and pension insurance	257	262
Materials and spare parts	894	1 096
Depreciation and amortisation	8 265	8 154
Other	1 216	1 408
	<b>141 641</b>	<b>166 069</b>
<b>4 ADMINISTRATIVE EXPENSES</b>		
Salaries	867	1 047
Social insurance contributions	186	227
Life, health and pension insurance	44	49
Maintenance and utilities	240	248
Real estate tax	353	274
Depreciation and amortisation	177	212
Bank charges	26	28
Provisions for impairment of bad and doubtful debts, net	(90)	(42)
Other expenses	345	303
	<b>2 148</b>	<b>2 346</b>
<b>5 OTHER INCOME</b>		
Penalties from customers	626	772
Income from contribution to financing of construction works	230	222
Provisions for slow moving and obsolete inventories impairment	5	4
Other income	214	407
Income from increase in exchange rates, net	-	1
	<b>1 075</b>	<b>1 406</b>



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**6 OTHER EXPENSES**

Materials	15	13
Salaries	42	52
Social insurance contributions	6	8
Depreciation and amortisation	25	26
Sponsorship	6	1
Loss from sale of fixed assets	51	27
Expense from increase in exchange rates, net	2	-
Other expense	10 252	10 044
	<b>10 399</b>	<b>10 171</b>
	<b>10 399</b>	<b>10 171</b>

**EXPENSES BY NATURE**

Purchase of natural gas	126 869	150 307
Depreciation and amortisation	8 467	8 392
Employee benefit expense	5 542	6 487
Material and spare parts	909	1 109
Net provisions for impaired receivables	(90)	(42)
Other expenses	12 491	12 333
	<b>154 188</b>	<b>178 586</b>
	<b>154 188</b>	<b>178 586</b>

**7 FINANCE INCOME, NET**

<b>Finance income</b>		
- Interest income	15	49
	15	49